

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 TRSE-00 OMB-01 SSC-01 DOE-11 SOE-02
AID-05 COME-00 EB-08 FRB-03 XMB-02 OPIC-03 LAB-04
SIL-01 STR-05 CEA-01 /106 W
-----080712 060418Z /72

P R 051816Z JAN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 96700
INFO AMCONSUL FORENCE
AMCONSUL GENOA
AMEMBASSY BONN
AMEMBASSY LONDON
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMEMBASSY PARIS
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH
USDOCOSOUTH
USMISSION USNATO
USNMR SHAPE

C O N F I D E N T I A L SECTION 01 OF 02 ROME 0236

USDOCOSOUTH FOR INTAF; SHAPE FOR POLAD

E.O. 11652: GDS
TAGS: PINT, IT
SUBJECT: DEVELOPMENT OF THE ITALIAN POLITICAL CRISIS

SUMMARY: ALL THE POLITICAL PARTIES NOW AGREE THAT IT
WILL BE VIRTUALLY IMPOSSIBLE TO AVOID A GOVERNMENT CRISIS
IN JANUARY AND THAT A CABINET SHUFFLE WILL NOT BE
SUFFICIENT TO SAVE THE ANDREOTTI GOVERNMENT. WHILE THE
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COMMUNISTS AND LEFT PARTIES HAVE CALLED FOR AN EMERGENCY
GOVERNMENT, CHRISTIAN DEMOCRAT LEADERS HOPE TO AVOID NEW
ELECTIONS AND LIMIT PCI ADVANCES TO PARTICIPATION IN THE
PARLIAMENTARY MAJORITY. THE PCI AND PSI
ARE AWAITING THE OUTCOME OF THE DC DIRECTORATE
MEETING ON JANUARY 11 WHICH IS EXPECTED TO FIX PARTY
POLICY. IN ORDER TO OBTAIN UNITED PARTY SUPPORT FOR

A NEGOTIATED SOLUTION, DC LEADERS WILL HAVE TO OVERCOME RESISTANCE FROM MODERATES AND CONSERVATIVES, ESPECIALLY IN THE YOUNG PARLIAMENTARY REFORM GROUP, TO FURTHER ACCOMMODATION OF THE PCI. FOLLOWING A SIX-PARTY MEETING ON JANUARY 4, WORKING GROUPS WERE ESTABLISHED TO FORMULATE AN AGREED-UPON EXPANSION OF THE JULY PROGRAM ACCORD WHICH WOULD BE A NECESSARY CONCOMITANT TO ANY POLITICAL SOLUTION. END SUMMARY.

1. THE PARLIAMENTARY HOLIDAY RECESS HAS DONE LITTLE TO ATTENUATE THE DEVELOPMENT OF THE IMPENDING POLITICAL CRISIS WHICH ALL THE PARTIES NOW OPENLY DECLARE WILL BE VIRTUALLY IMPOSSIBLE TO AVOID IN JANUARY. THE COMMUNISTS, SOCIALISTS, AND REPUBLICANS HAVE NOW BEEN JOINED BY THE SOCIAL DEMOCRATS IN DECLARING THE ANDREOTTI GOVERNMENT MUST BE REPLACED. ALTHOUGH ANDREOTTI HIMSELF IN HIS END-OF-THE-YEAR MEETING WITH THE PRESS VALIANTLY ARGUED THAT "A GOVERNMENT CRISIS IS NOT INEVITABLE," THE CHRISTIAN DEMOCRATS (DC) HAVE BEEN OPENLY PREPARING FOR JUST SUCH AN EVENT. DC DEPUTY PARTY SECRETARY GALLONI, FOR EXAMPLE, HAS SAID THAT THE PCI "CANNOT OR WILL NOT BE SATISFIED WITH THE ABSTENTION-GOVERNMENT FORMULA." THE DC STILL CLINGS FORMALLY TO THE POSITION THAT THE SIX-PARTY PROGRAM ACCORD MECHANISM CAN BE BROADENED WITHOUT CHANGING THE "POLITICAL FRAMEWORK", BUT IT DOES SO WITHOUT CONVICITION. THE IDEA THAT THE CONFIDENTIAL

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ANDREOTTI GOVERNMENT MIGHT BE SAVED MERELY BY A CABINET SHUFFLE TO INCLUDE TECHNICIAN-MINISTERS NAMED BY THE LEFT PARTIES IS CLEARLY DEAD.

2. THE PROJECTED FALL OF THE GOVERNMENT BEARS ALL THE EARMARKS OF WHAT ITALIAN POLITICANS CALL "A GUIDED CRISIS." ALL OF THE PARTIES WANT TO AVOID A LEAP INTO THE UNKNOWN, A CRISIS IN THE DARK. ALTHOUGH IT IS BY NO MEANS CERTAIN THAT THEY WILL BE ABLE TO DO SO, THEY WOULD LIKE TO WORK OUT A MUTUALLY AGREED SCENARIO. A CONSENSUS HAS APPARENTLY NOT YET BEEN DEVELOPED, HOWEVER, EVEN ON HOW THE DEMISE OF THE ANDREOTTI GOVERNMENT IS TO BE EXECUTED. THE COMMUNISTS ARE CALLING ON ANDREOTTI TO RESIGN SINCE FOUR OF THE SIX PARTIES HAVE WITHDRAWN THEIR "NO-CONFIDENCE." ANDREOTTI HAS SAID HE WILL ONLY DO SO AFTER A PARLIAMENTARY VOTE OF NO CONFIDENCE.

3. DURING A BRIEF CONVERSATION WITH EMBOFF JANUARY 5, A PCI DIRECTORATE MEMBER (AND SENIOR ECONOMIC EXPERT) CONFIRMED THAT THE POLITICAL SITUATION HAD NOW ENTERED THE "PRE-CRISIS PHASE," AND INDICATED HIS BELIEF THAT THE ANDREOTTI GOVERNMENT WOULD FALL BY JANUARY 15. THE PCI OFFICIAL SUGGESTED THAT ANDREOTTI WOULD EVENTUALLY AGREE TO OFFER THE RESIGNATION OF HIS GOVERNMENT,

FORMALLY OPENING A CRISIS. SHOULD ANDREOTTI NOT AGREE, HE SAID, THE LEFT PARTIES WOULD HAVE TO VOTE AGAINST THE 1978 STATE BUDGET, A DEVELOPMENT WHICH WOULD HAVE SERIOUS CONSEQUENCES FOR THE COUNTRY.

4. ON JANUARY 4, THE SIX PARTIES MET AT THE DEPUTY SECRETARY AND ECONOMIC EXPERT LEVEL TO EXPLORE POSSIBILITIES TO REINVIGORATE AND EXPAND THE JULY PROGRAM ACCORD. THE PARTIES AGREE THAT THIS IS A CONCOMITANT PART OF ANY AGREEMENT TO MODIFY THE POLITICAL FORM OF THE GOVERNMENT. SIX WORKING GROUPS WERE ESTABLISHED TO DEVELOP, INTER ALIA, A SPECIFIC ACTION PLAN TO DEAL WITH THE ECONOMIC CRISIS. ACCORDING TO PRESS ACCOUNTS, THE WORKING GROUPS WILL ALSO TRY TO REACH AGREEMENT ON CERTAIN PROBLEMS WHICH WERE EXCLUDED FROM THE JULY ACCORD AS BEING THEN UNRESOLVABLE: UNIONIZATION OF THE POLICE, NOMINATIONS TO BANKS, ETC. THEY WILL
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ALSO TRY TO REACH AGREEMENTS ON LEGISLATION THAT WOULD AVOID THE NECESSITY OF HOLDING THE NATIONAL REFERENDA THIS SPRING ON ABORTION AND EIGHT OTHER DEVISIVE ISSUES (SPONSORED BY THE RADICALS (SEE ROME 0080). OUR SAME PCI SOURCE HINTED

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 0236

USDOSOUTH FOR INTAF; SHAPE FOR POLAD

SATISFACTION OVER THE INTIAL SIX-PARTY MEETING. HE SUGGESTED THAT THE MOST DIFFICULT QUESTIONS TO BE CONFRONTED ARE THOSE IN THE NON-ECONOMIC AREA, PARTICULARLY ABORTION AND THE EIGHT REFERENDA. THE PCI OFFICIAL EXPRESSED OPTIMISM THAT THE SIX WORKING GROUPS WOULD SUCCEED IN DEVELOPING BY JANUARY 11 AN OUTLINE OF A PROGRAM WHICH WOULD BE THE BASIS FOR THE FORMATION OF A NEW GOVERNMENT. THIS, HE SAID, WOULD MAKE IT MORE LIKELY THAT THE ANTICIPATED CRISIS COULD BE A "GUIDED ONE".
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5. WEDNESDAY, JANUARY 11, HOLDS PARTICULAR SIGNIFICANCE SINCE IT IS THE DATE THAT THE DC DIRECTORATE WILL CONVENE TO ESTABLISH THE PARTY'S POLICY. DC LEADERS HAVE BEEN ENGAGED IN INTENSIVE EXPLORATORY SESSIONS WITHIN THE PARTY TO WORK OUT A STRATEGY THAT CAN BE ADOPTED WITHOUT RISKING AN UNACCEPTABLE SPLIT IN ITS RANKS. TO A MAN, DC LEADERS HAVE UNANIMOUSLY STATED THAT THE PARTY CANNOT ACCEPT THE PCI'S MAXIMAL DEMAND--FULL PARTICIPATION IN A GOVERNMENT OF NATIONAL EMERGENCY--WITHOUT FIRST GOING TO THE ELECTORATE. WHILE AN EMERGENCY GOVERNMENT REMAINS THE LEFT PARTIES' FORMAL POSITION, OBSERVERS NOTE THAT THE PCI NOW PLACES ITS EMPHASIS ON THE NEED FOR A DEMONSTRABLE "CHANGE" IN THE GOVERNMENT. WHEN ASKED ABOUT THE APPARENT RIGIDITY OF THE FORMAL DC AND PCI POSITIONS, OUR PCI INTERLOCUTOR SAID THAT "THE ART OF POLITICS IS TO OVERCOME RIGID ATTITUDES." WHILE THE DC HAS NOT YET ADOPTED A FORMAL COUNTER-POSITION, DC LEADERS SEEM CONVINCED THAT RECOURSE TO EARLY ELECTIONS WOULD BE DANGEROUS, UNPRODUCTIVE, AND ADVISABLE ONLY AS A LAST RESORT. THEY HAVE PUBLICLY AIRGED A NUMBER OF SOLUTIONS THAT WOULD OFFER THE PCI PARTICIPATION IN THE PARLIAMENTARY MAJORITY IN ORDER TO CONTAIN PCI DEMANDS FOR MINISTERIAL PARTICIPATION IN THE GOVERNMENT. UNDER ONE FORMULA (KNOWN TO BE FAVORED BY MORO AND FLOATED BY ZACCAGNINI ON JAN. 1), A DC-PRI-PSDI COALITION COULD BE FORMED (POSSIBLY ALSO LED BY ANDREOTTI) WITH THE PCI, PSI AND PLI IN THE OUTSIDE GOVERNING MAJORITY. THERE HAS ALSO BEEN DISCUSSION OF A DC MINORITY GOVERNMENT SUPPORTED BY THE PCI-PSI-PRI-PSDI-PLI IN THE PARLIAMENTARY MAJORITY AND MODIFIED BY THE INCLUSION OF TECHNICIAN-MINISTERS NAMED BY THE LEFT PARTIES.

6. ALTHOUGH GALLONI HAS SAID THAT "EXCEPT FOR AN EMERGENCY GOVERNMENT, ALL OTHER ROADS ARE POSSIBLE," THERE IS CONSIDERABLE RESISTANCE WITHIN THE DC (AND PARTICULARLY IN THE PARLIAMENTARY GROUPS) TO ANY FURTHER ENLARGEMENT OF THE PCI'S ROLE IN THE
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GOVERNING PROCESS. OVER 60 PARLIAMENTARIANS (INCLUDING CICCARDINI, MAZZOTTA, ROSSI DE MONTELEA, SEGNI AND ZAMBERLETTI) HAVE SIGNED A PUBLIC LETTER SPONSOED BY MILLE (A CITIZENS' LOBBY) AGAINST ANY NEW CONCESSION TO THE PCI. MANY ARE KNOWN TO FAVOR THE ALTERNATIVE OF NEW ELECTIONS. THE GOUP CONSISTS PRIMARILY OF FIRST-TERM YOUNGLREFORM PARLIAMENTARIANS CENTERED AROUND MILAN'S ROBERTO MAZZOTTA, BUT THEY ARE ALSO JOINED BY OTHER, MORE EXPERIENCED DC LEADERS WHO SHARE SIMILAR CONCERNS. FOR THIS REASON, THE JANUARY 12-13 ASSEMBLY OF THE DC PARLIAMENTARIANS IS EXPECTED TO BE LIVELY. ALTHOUGH IT APPEARS LIKELY THAT THE DC LEADERSHIP WILL HAVE DIFFICULTY WITH PARTY MODERATES AND CONSERVATIVES, THEY ARE NOT UNITED. SOME LIKE BIANCO AND USELLINI BELIEVE THAT THE DC MUST RETAIN SOME FLEXIBILITY IN MEETING THE PCI CHALLENGE AND SHOULD NOT REJECT A NEGOTIATED SOLUTION OUTRIGHT. MOREOVER, IT SHOULD BE NOTED THAT AFTER FANFANI'S "CONVERSION" FROM A POSITION OF HARD-LINE OPPOSITION TO THAT OF ACCOMMODATION TO THE PCI, THE ONLY DC FACTIONAL LEADER OF NOTE STILL AGAINST ANY FURTHER PCI ADVANCEMENT IS DONAT-CATTIN (FORZE NUOVE).

7. THE OTHER PARTIES WILL BE CLOSELY WATCHING THE DC'S REACTION. THEY UNDERSTAND THAT THE PROSPECTS FOR AVOIDING EARLY NATIONAL ELECTIONS (WHICH THEY WISH TO AVOID EVEN MORE STRONGLY THAN THE DC) DEPEND IN GREAT PART ON THE ABILITY OF THE DC LEADERSHIP TO OBTAIN A UNITED PARTY POSITION IN SUPPORT OF A NEGOTIATED SOLUTION. THE INTERNATIONAL REACTION WILL ALSO BE IMPORTANT. OUR PCI SOURCE DESCRIBED HIMSELF AS "OPTIMISTIC" THAT AN EVENTUAL AGREEMENT ON A NEW GOVERNMENT CAN BE WORKED OUT BETWEEN THE SIX PARTIES. THE SOCIALISTS WILL CONVENE A CENTRAL COMMITTEE MEETING ON JANUARY 13 TO EVALUATE THE DC'S RESPONSE. THE COMMUNISTS WILL HOLD THEIR OWN CENTRAL COMMITTEE SESSION AFTER JANUARY 15 FOR THE SAME PURPOSE. THE OUTCOME OF THE MID-JANUARY MEETINGS OF THE THREE MAJOR PARTIES WILL UNDOUBTEDLY SET THE COURSE FO THE EVOLUTION OF THE FORTHCOMING GOVERNMENT CRISIS. GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME00236
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780009-0717
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780196/aaaadded.tel
Line Count: 266
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8dce8be6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3824144
Secure: OPEN
Status: NATIVE
Subject: DEVELOPMENT OF THE ITALIAN POLITICAL CRISIS SUMMARY: ALL THE POLITICAL PARTIES NOW AGREE THAT IT WILL BE VIRTUALLY IMPOSSIBLE TO AVOID A GOVERNMENT
TAGS: PINT, IT
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/8dce8be6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014